

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

G

W-02467A  
Granite Mountain Water Company Inc.  
2465 Shane Dr.  
Prescott AZ 86305

RECEIVED

APR 22 2005

AZ CORPORATION COMMISSION  
Director of Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2004
----	----	------

FOR COMMISSION USE

ANN04	04
-------	----

## COMPANY INFORMATION

**Company Name (Business Name)** GRANITE MOUNTAIN WATER COMPANY INC.

**Mailing Address** 2465 W. Shane Drive  
(Street)

Prescott

(City)

AZ

(State)

86305

(Zip)

(928) 717-2616

Telephone No. (Include Area Code)

(928) 717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**Local Office Mailing Address** 2465 W. Shane Drive  
(Street)

Prescott

(City)

AZ

(State)

86305

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** Paul D. Levie President  
(Name) (Title)

2465 W. Shane Drive

(Street)

Prescott

(City)

AZ

(State)

86305

(Zip)

(928) 717-2616

Telephone No. (Include Area Code)

(928) 717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**On Site Manager:** Myron D. Kimberly  
(Name)

2465 W. Shane Drive

(Street)

Prescott

(City)

AZ

(State)

86305

(Zip)

(928) 717-2616

Telephone No. (Include Area Code)

(928) 717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Paul D. Levie

(Name)

2465 W. Shane Drive

(Street)

Prescott

(City)

AZ

(State)

86305

(Zip)

(928) 717-2616

Telephone No. (Include Area Code)

(928) 717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Paul D. Levie

(Name)

2465 W. Shane Drive

(Street)

Prescott

(City)

AZ

(State)

86305

(Zip)

(928) 717-2616

Telephone No. (Include Area Code)

(928) 717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME**      GRANITE MOUNTAIN WATER COMPANY

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	\$ 110.13	\$ 82.95	\$ 27.18
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	\$ 57,378.51	\$ 22,058.75	\$ 35,319.76
307	Wells and Springs	\$ 41,223.19	\$ 22,316.95	\$ 18,906.24
311	Pumping Equipment	\$ 88,460.75	\$ 37,596.40	\$ 50,864.35
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	\$ 7,325.00	\$ 5,514.94	\$ 1,810.06
331	Transmission and Distribution Mains	\$271,780.01	\$143,376.99	\$128,403.02
333	Services	\$ 55,852.90	\$ 20,117.05	\$ 35,735.85
334	Meters and Meter Installations	\$ 2,547.30	\$ 1,212.52	\$ 1,334.78
335	Hydrants	\$ 74.32	\$ 44.62	\$ 29.70
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	\$ 34,997.50	\$ 12,647.58	\$ 22,349.92
340	Office Furniture and Equipment			
341	Transportation Equipment	\$ 8,500.00	\$ 0	\$ 8,500.00
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	\$ 5,000.00	\$ 1,729.17	\$ 3,270.83
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	\$ 20.00	\$ 15.06	\$ 4.94
	<b>TOTALS</b>	<b>\$573,269.61</b>	<b>\$266,712.98</b>	<b>\$306,556.63</b>

This amount goes on the Balance Sheet Acct. No. 108

**COMPANY NAME** GRANITE MOUNTAIN WATER COMPANY INC.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	\$ 110.13	5%	\$ 5.51
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	\$ 57,378.51	5%	\$ 2,868.93
307	Wells and Springs	\$ 41,223.19	5%	\$ 2,061.16
311	Pumping Equipment	\$ 88,460.75	5%	\$ (4,177.02)
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	\$ 7,325.00	5%	\$ 366.25
331	Transmission and Distribution Mains	\$271,780.91	5%	\$13,588.99
333	Services	\$ 55,852.90	5%	\$ 2,792.68
334	Meters and Meter Installations	\$ 2,547.30	5%	\$ 127.37
335	Hydrants	\$ 74.32	5%	3.71
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	\$ 34,997.50	5%	\$ 1,749.88
340	Office Furniture and Equipment			
341	Transportation Equipment	\$ 8,500.00	5%	0
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	\$ 5,000.00	5%	\$ 250.00
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	\$ 20.00	5%	\$ 1.00
	<b>TOTALS</b>	\$573,269.61		\$27,992.50

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME GRANITE MOUNTAIN WATER COMPANY

### BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 5,041.59	\$ 13,687.38
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	\$ 8,584.37	\$ 6,630.30
146	Notes/Receivables from Associated Companies	\$ 25,030.00	\$ 25,030.00
151	Plant Material and Supplies	\$ 1,273.47	\$ 1,273.47
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		\$ 8,500.00
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 39,929.43	\$ 55,121.15
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 79,431.40	\$ 31,639.85
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	\$ 238,442.64	\$266,712.98
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 317,874.04	\$298,352.83
	<b>TOTAL ASSETS</b>	\$ 357,803.47	\$353,473.98

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

GRANITE MOUNTAIN WATER COMPANY INC.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ (313.08)	\$ (340.47)
232	Notes Payable (Current Portion)	\$ 2,000.00	\$ 0
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	\$ 972.41	\$ (1,944.91)
236	Accrued Taxes	\$ 532.28	\$ 2,305.16
237	Accrued Interest	\$ (348.35)	\$ (354.22)
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 2,843.29	\$ (334.44)
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$ 30,502.84	\$ 27,478.28
252	Advances in Aid of Construction	\$ 12,159.50	\$ 15,264.50
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 42,662.34	\$ 42,742.78
	<b>TOTAL LIABILITIES</b>	\$ 45,505.63	\$ 42,408.34
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 177,139.19	\$ 177,139.19
211	Paid in Capital in Excess of Par Value	\$ 377,222.32	\$ 337,222.32
215	Retained Earnings	\$ (12,541.39)	\$ (17,896.74)
218	Proprietary Capital (Sole Props and Partnerships) Net Income	\$ (5,077.51)	\$ (990.36)
	<del>TOTAL CAPITAL</del> Other Capital Accts	\$ (184,444.77)	\$ (184,444.77)
	<b>TOTAL CAPITAL</b>	\$ 312,297.84	\$ 311,029.64
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 357,803.47	\$ 353,437.98

**COMPANY NAME** GRANITE MOUNTAIN WATER COMPANY INC.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 48,215.12	\$ 46,897.87
460	Unmetered Water Revenue		
474	Other Water Revenues	\$ 270.00	\$ 146.01
	<b>TOTAL REVENUES</b>	\$ 48,485.12	\$ 47,043.88
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water	\$ 958.03	
615	Purchased Power	\$ 5,419.55	\$ 6,244.82
618	Chemicals	\$ 632.43	\$ 1,919.41
620	Repairs and Maintenance	\$ 16,332.36	\$ 4,399.47
621	Office Supplies and Expense	\$ 705.33	\$ 2,273.66
630	Outside Services	\$ 1,138.03	\$ 480.20
635	Water Testing		\$ 1,229.00
641	Rents		
650	Transportation Expenses		\$ 2,000.00
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	\$ 112.00	\$ 138.71
403	Depreciation Expense	\$ 27,538.92	\$ 27,992.50
408	Taxes Other Than Income		
408.11	Property Taxes	\$ 725.98	\$ 1,558.62
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 53,562.63	\$ 48,236.39
	<b>OPERATING INCOME/(LOSS)</b>	\$ (5,077.51)	\$ (1,192.51)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		\$ 250.54
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		\$ (48.39)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$ 202.15
	<b>NET INCOME/(LOSS)</b>	\$ (5,077.51)	\$ (990.36)



<b>COMPANY NAME</b>	GRANITE MOUNTAIN WATER COMPANY
---------------------	--------------------------------

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 15,264.50
Meter Deposits Refunded During the Test Year	\$

<b>COMPANY NAME</b>	GRANITE MOUNTAIN WATER COMPANY
---------------------	--------------------------------

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
5511031	1 / 4	5	400	6 "	1 "	1985
502453	1 / 2	5	340	6 1/2 "	5 / 8 "	1982
511771	2 1/2	25	240	8 "	3 "	1985
554078	15	125	500	8 "	3 "	1999

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1	3	
3	1		
3	1		
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
19,000	1	40	2
5,000	1	40	4

COMPANY NAME	GRANITE MOUNTAIN WATER COMPANY
--------------	--------------------------------

## WATER COMPANY PLANT DESCRIPTION (CONTINUED)

### MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	4,000 app.
3	PVC	1,500 app.
4		
5		
6	PVC	18,000 app.
8		
10		
12		

### CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	68
3/4	1
1	9
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

#### TREATMENT EQUIPMENT:

Chlorination Unit Dispenser

---

---

---

---

---

---

---

#### STRUCTURES:

3-Well House Structures 10X12 each

1- Office and Pressure Pumping Equipment & Storage  
Files, Tools, and Equipment

1-Building containing Electrical facilities  
2000 gallon Pressure Tank & Pumping Equipment

---

---

#### OTHER:

---

---

---

---

---

---

---

COMPANY NAME: GRANITE MOUNTAIN WATER COMPANY

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	60	386,148	
FEBRUARY	60	213,492	
MARCH	61	362,890	
APRIL	60	359,809	
MAY	60	460,038	
JUNE	60	817,602	
JULY	60	707,370	
AUGUST	61	866,560	
SEPTEMBER	64	807,070	
OCTOBER	67	989,170	
NOVEMBER	67	506,260	
DECEMBER	67	391,270	
TOTAL		N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes                      ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes                      (x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. .002 mg/l Well #4  
(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

**COMPANY NAME** GRANITE MOUNTAIN WATER COMPANY **YEAR ENDING 12/31/2004**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 1,558.62

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

---

---

---

---

COMPANY NAME GRANITE MOUNTAIN WATER COMPANY YEAR ENDING 12/31/2004

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported To be Determined  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported To be Determined  
Estimated or Actual State Tax Liability \_\_\_\_\_

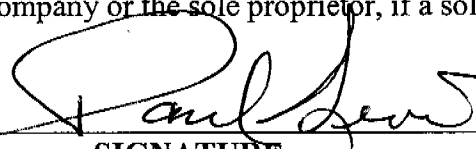
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

 4-20-5  
SIGNATURE DATE

PAUL D. LEVIE President  
PRINTED NAME TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

APR 22 2005

AZ Corporation Commission  
Division of Utilities

**VERIFICATION**

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Paul D. Levie President</u>
COMPANY NAME	<u>Granite Mountain Water Company</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 49,349.04

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 2,305.16  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL

(928) 717-2616  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

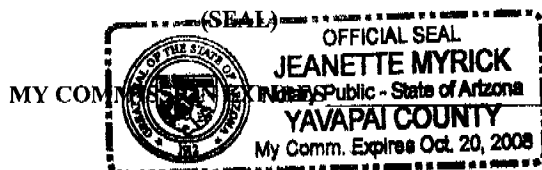
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

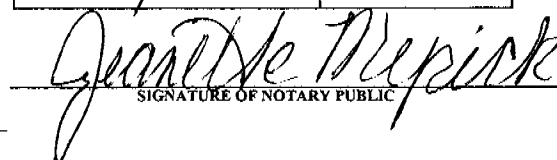
THIS

20th

DAY OF

COUNTY NAME	<u>Yavapai</u>
MONTH	<u>April</u>
	<u>2005</u>



  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

RECEIVED

APR 22 2005

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yavapai		AZ Corporation Commission Director of Utilities	
NAME (OWNER OR OFFICIAL) Paul D. Levie		TITLE President	
COMPANY NAME Granite Mountain Water Company			

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 49,349.04

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 2,305.16  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

  
SIGNATURE OF OWNER OR OFFICIAL

(928) 717-2616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

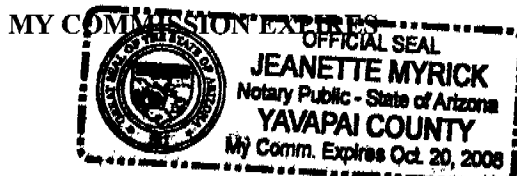
THIS

20<sup>th</sup>

DAY OF

NOTARY PUBLIC NAME Jeanette Myrick	
COUNTY NAME Yavapai	
MONTH April	2005

(SEAL)



X   
SIGNATURE OF NOTARY PUBLIC



## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

10:03 AM

04/20/05

Accrual Basis

## Granite Mountain Water Co., Inc.

## Balance Sheet

As of December 31, 2004

	Dec 31, 04
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
131.00 · Cash	452.20
131.01 · Stockman's Bank	13,235.18
Total Checking/Savings	13,687.38
Other Current Assets	
141.00 · Customer Accounts Recievable	6,630.30
151.00 · Plant Materials & Supply	1,273.47
174.00 · Misc. Current & Accured Assets	
174.01 · 2000 Ford Ranger 1/2 PU	4,000.00
Total 174.00 · Misc. Current & Accured Assets	4,000.00
Total Other Current Assets	11,903.77
Total Current Assets	25,591.15
<b>Fixed Assets</b>	
108.00 · Accum. Depreciation & Amort.	-238,460.28
122.00 · Accumulated Deprec & Amort	-27,992.50
301.00 · Organization	110.13
304.00 · Structures & Improvements	57,378.51
307.00 · Wells & Springs	41,223.19
309.00 · Supply Mains	991.03
311.00 · Pumping Equipment	74,468.70
320.00 · Water Treatment	2,556.76
330.00 · Distribution Reservoirs & Stand	7,325.00
331.00 · Transmission & Distribution Mai	
331.01 · Main Line Extension	19,650.00
331.02 · GMH II-Rosdahl Lots 3 & 4	10,766.47
331.00 · Transmission & Distribution Mai - Other	240,372.51
Total 331.00 · Transmission & Distribution Mai	270,788.98
333.00 · Services	55,852.90
334.00 · Meters & Meter Installation	2,547.30
335.00 · Hydrants	74.32
339.00 · Other Plant & Misc Equipment	34,997.50
341.00 · Transportation Equipment	
341.01 · 1995 Dodge Diesel 3/4TPU	4,500.00
Total 341.00 · Transportation Equipment	4,500.00
345.00 · Power Operated Equipment	5,000.00
346.00 · Communication Equipment	3,000.00
348.00 · Other Tangible Plant	20.00
Total Fixed Assets	294,381.54
<b>Other Assets</b>	
141.02 · Chino Meadows II Loan	25,000.00
141.04 · Loan to ALWC	30.00
Total Other Assets	25,030.00
<b>TOTAL ASSETS</b>	<b>345,002.69</b>

10:03 AM  
04/20/05  
Accrual Basis

**Granite Mountain Water Co., Inc.**  
**Balance Sheet**  
As of December 31, 2004

	<u>Dec 31, 04</u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
231.00 · Accounts Payable	-340.47
235.00 · Security Deposits	-1,944.91
236.20 · Accrued Taxes	2,305.16
237.00 · Accrued Interest	-354.22
251.00 · Main Line Extension Agreement	13,436.81
251.01 · Line Extension Agree-Rosdahl	12,403.97
251.02 · Line Exten Agreement - Nanke	1,637.50
252.00 · Advances for Construction	15,264.50
<b>Total Other Current Liabilities</b>	<u>42,408.34</u>
<b>Total Current Liabilities</b>	<u>42,408.34</u>
<b>Total Liabilities</b>	42,408.34
<b>Equity</b>	
201.00 · Common Stock Issued	
201.01 · Original Stock Balance	52,000.00
201.02 · New Well At Stables	27,812.59
201.03 · Line Ext.-GMH V Phase I	97,326.60
<b>Total 201.00 · Common Stock Issued</b>	<u>177,139.19</u>
211.00 · Other Paid-In Capital	
211.01 · Granite Park Ranch	181,705.00
211.02 · PDL -Long Term Debt	155,517.32
<b>Total 211.00 · Other Paid-In Capital</b>	<u>337,222.32</u>
215.00 · Retained Earnings	-17,896.74
215.01 · Opening Balance Equity	-184,444.77
Net Income	-9,425.65
<b>Total Equity</b>	<u>302,594.35</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>345,002.69</u></u>

10:04 AM  
04/20/05  
Accrual Basis

**Granite Mountain Water Co., Inc.**  
**Profit & Loss**  
**January through December 2004**

	<u>Jan - Dec 04</u>
<b>Ordinary Income/Expense</b>	
Income	
461.00 · Metered Sales	46,897.87
474.00 · Other Water Revenue	
474.01 · Miscell Revenue-Est Fee	150.00
474.02 · Late Fee	-25.77
474.00 · Other Water Revenue - Other	21.78
Total 474.00 · Other Water Revenue	<u>146.01</u>
<b>Total Income</b>	<b>47,043.88</b>
Expense	
6120 · Bank Service Charges	46.59
6130 · Cash Discounts	-7.18
615.00 · Purchased Power	
615.02 · Lot 15	310.80
615.03 · Stable's Well	245.46
615.05 · Shane Dr Pump	4,316.36
615.06 · Dewey Rd Pump	1,066.25
615.07 · Rainmaker - Pump	305.95
Total 615.00 · Purchased Power	<u>6,244.82</u>
618.00 · Chemicals	
618.01 · Monthly Water Tests	224.00
618.02 · Periodic Water Tests	1,005.00
618.03 · DRUMMOND	1,919.41
Total 618.00 · Chemicals	<u>3,148.41</u>
620.01 · Lease Property	613.34
621.00 · Office Supplies & Expense	
621.01 · Office Phone	1,254.09
621.00 · Office Supplies & Expense - Other	406.23
Total 621.00 · Office Supplies & Expense	<u>1,660.32</u>
625.00 · Repairs & Maint - Wells/tanks	12,834.76
630.00 · Contractual Services	425.00
633 · Contractual Service-Legel	55.20
650.00 · Transportation	
650.01 · Backhoe Repair	2,000.00
Total 650.00 · Transportation	<u>2,000.00</u>
675.00 · Miscellaneous	99.30
681.00 · Property Tax	1,558.62
<b>Total Expense</b>	<b><u>28,679.18</u></b>
<b>Net Ordinary Income</b>	<b>18,364.70</b>
<b>Other Income/Expense</b>	
Other Income	
403.00 · Depreciation Expense	-27,992.50
427.00 · Interest Expense	-48.39
7030 · Other Income	250.54
<b>Total Other Income</b>	<u>-27,790.35</u>
<b>Net Other Income</b>	<b>-27,790.35</b>
<b>Net Income</b>	<b><u>-9,425.65</u></b>

4/12/2005  
11:26

**GRANITE MOUNTAIN WATER CO.**  
Federal ID #:  
Asset Summary - Federal Tax Basis  
Period Ended 12/31/04

Company: GMW  
Page: 2

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 8 Services (Continued)												
3	1	SERVICE	03/13/97	N	SL	20	16.30	0.00	0.00	5.60	0.82	6.42
4	1	SERVICE	03/13/97	N	SL	20	16.30	0.00	0.00	5.60	0.82	6.42
5	1	Service	05/01/98	N	SL	20	46,000.00	0.00	0.00	13,033.33	2,300.00	15,333.33
6	1	Service	09/22/98	N	SL	20	797.11	0.00	0.00	209.26	39.86	249.12
7	1	Service	11/11/98	N	SL	20	28.72	0.00	0.00	7.44	1.44	8.88
8	1	Service	12/10/98	N	SL	20	67.30	0.00	0.00	17.13	3.37	20.50
9	1	203' Service Line	05/21/99	N	SL	20	4,054.30	0.00	0.00	929.13	202.72	1,131.85
10	1	New Services	11/17/99	N	SL	20	606.57	0.00	0.00	123.85	30.33	154.18
Group # 8 Total							55,852.90	0.00	0.00	17,324.37	2,792.68	20,117.05
Group # 9 Meters & Meter Install												
1	1	Meters & Meter Install	01/01/90	N	SL	20	996.47	0.00	0.00	700.38	49.82	750.20
2	1	Lot 12	04/01/95	N	SL	20	36.70	0.00	0.00	16.10	1.84	17.94
3	1	Meters & Meter Install.	12/31/95	N	SL	20	2.07	0.00	0.00	0.80	0.10	0.90
4	1	Install 94	06/15/96	N	SL	20	141.02	0.00	0.00	53.46	7.05	60.51
5	1	METER	03/13/97	N	SL	20	62.20	0.00	0.00	21.25	3.11	24.36
6	1	METER	03/13/97	N	SL	20	62.20	0.00	0.00	21.25	3.11	24.36
7	1	METER	06/17/97	N	SL	20	33.00	0.00	0.00	10.73	1.65	12.38
8	1	METER	12/31/97	N	SL	20	68.00	0.00	0.00	20.40	3.40	23.80
9	1	Meters	11/11/98	N	SL	20	128.94	0.00	0.00	33.32	6.45	39.77
10	1	Meters	12/10/98	N	SL	20	258.20	0.00	0.00	65.63	12.91	78.54
11	1	New Meters	09/13/99	N	SL	20	108.31	0.00	0.00	23.49	5.42	28.91
12	1	New Meters	11/17/99	N	SL	20	304.44	0.00	0.00	62.15	15.22	77.37
13	1	Capital Meter	09/22/00	N	SL	20	345.75	0.00	0.00	56.19	17.29	73.48
Group # 9 Total							2,547.30	0.00	0.00	1,085.15	127.37	1,212.52
Group # 10 Hydrants												
1	1	Hydrants	01/01/90	N	SL	20	32.45	0.00	0.00	22.79	1.62	24.41
2	1	Hydrant	05/02/95	N	SL	20	41.87	0.00	0.00	18.12	2.09	20.21
Group # 10 Total							74.32	0.00	0.00	40.91	3.71	44.62
Group # 11 Other Plant & Misc Equip.												
1	1	Other Plant & Misc Equip	01/01/90	N	SL	20	4,850.00	0.00	0.00	3,409.03	242.50	3,651.53
2	1	Main Line	05/01/98	N	SL	20	10,705.00	0.00	0.00	3,033.08	535.25	3,568.33
3	1	Excavation/Lab	05/21/99	N	SL	20	19,442.50	0.00	0.00	4,455.59	972.13	5,427.72
Group # 11 Total							34,997.50	0.00	0.00	10,897.70	1,749.88	12,647.58
Group # 12 Other Tangible Plant												
1	1	Other Tangible Plant	01/01/90	N	SL	20	20.00	0.00	0.00	14.06	1.00	15.06
Group # 12 Total							20.00	0.00	0.00	14.06	1.00	15.06
Group # 14 Power Operated Equipment												
1	1	1978 Case Backhoc	01/22/98	N	SL	20	5,000.00	0.00	0.00	1,479.17	250.00	1,729.17
Group # 14 Total							5,000.00	0.00	0.00	1,479.17	250.00	1,729.17
Group # 15 Transportation Equipment												
1	1	1995 Dodge Diesel	12/30/04	N	SL	20	4,500.00	0.00	0.00	0.00	0.00	0.00
2	1	2000 Ford Ranger	12/31/04	N	SL	20	4,000.00	0.00	0.00	0.00	0.00	0.00
Group # 15 Total							8,500.00	0.00	0.00	0.00	0.00	0.00

4/12/2005  
11:26

**GRANITE MOUNTAIN WATER CO.**  
Federal ID #:  
Asset Summary - Federal Tax Basis  
Period Ended 12/31/04

Company: GMW  
Page: 1

Num	Loc	Property Description	Acquired	T	Method	Life	Cost/Basis	179 Exp/AFD	Add SDA	Prior Depr.	Current Depr.	Ending Depr.
Group # 1 Organization												
1	1	Organization	01/01/90	N	SL	20	110.13	0.00	0.00	77.44	5.51	82.95
Group # 1 Total							110.13	0.00	0.00	77.44	5.51	82.95
Group # 2 Structures & Improvements												
1	1	Structures & Improve	01/01/90	N	SL	20	11,607.71	0.00	0.00	8,159.01	580.39	8,739.40
2	1	Main Line	05/01/98	N	SL	20	10,000.00	0.00	0.00	2,833.33	500.00	3,333.33
3	1	New Station	05/21/99	N	SL	20	35,770.80	0.00	0.00	8,197.48	1,788.54	9,986.02
Group # 2 Total							57,378.51	0.00	0.00	19,189.82	2,868.93	22,058.75
Group # 3 Wells & Springs												
1	1	Wells & Springs	01/01/90	N	SL	20	13,554.95	0.00	0.00	9,527.69	677.75	10,205.44
2	1	Fencing #2 Well	06/27/95	N	SL	20	155.65	0.00	0.00	66.13	7.78	73.91
3	1	Application Fee	12/12/95	N	SL	20	50.00	0.00	0.00	20.21	2.50	22.71
4	1	New Well	04/15/96	N	SL	20	27,462.59	0.00	0.00	10,641.76	1,373.13	12,014.89
Group # 3 Total							41,223.19	0.00	0.00	20,255.79	2,061.16	22,316.95
Group # 4 Supply Mains												
1	1	Culvert & Bands	03/03/95	N	SL	20	321.60	0.00	0.00	142.04	16.08	158.12
2	1	New Well Meter	01/15/99	N	SL	20	669.43	0.00	0.00	167.35	33.47	200.82
Group # 4 Total							991.03	0.00	0.00	309.39	49.55	358.94
Group # 5 Pumping Equipment												
1	1	Pumping Equipment	01/01/90	N	SL	20	27,902.65	0.00	0.00	19,612.53	1,395.13	21,007.66
2	1	Pumping Equipment	12/31/95	N	SL	20	4,615.35	0.00	0.00	1,846.16	230.77	2,076.93
3	1	Pumping Equipment	05/01/98	N	SL	20	40,000.00	0.00	0.00	11,333.33	2,000.00	13,333.33
4	1	Electric Control	06/07/00	N	SL	20	1,950.70	0.00	0.00	349.52	97.54	447.06
5	1	Chlorinators	11/25/02	N	SL	20	2,556.76	0.00	0.00	127.84	127.84	255.68
6	1	Controls, pumps	01/01/03	N	SL	20	3,000.00	0.00	0.00	150.00	150.00	300.00
7	1	Pump Replacement	08/03/04	N	SL	20	4,679.51	0.00	0.00	0.00	97.49	97.49
8	1	New Pump	08/05/04	N	SL	20	3,755.78	0.00	0.00	0.00	78.25	78.25
Group # 5 Total							88,460.75	0.00	0.00	33,419.38	4,177.02	37,596.40
Group # 6 Distr. Reservoirs & Stand												
1	1	Water Treatment	01/01/90	N	SL	20	7,325.00	0.00	0.00	5,148.69	366.25	5,514.94
Group # 6 Total							7,325.00	0.00	0.00	5,148.69	366.25	5,514.94
Group # 7 Transmission & Distr Main												
1	1	Transmissions & Distr	01/01/90	N	SL	20	125,218.06	0.00	0.00	88,014.77	6,260.90	94,275.67
2	1	Account Opening	03/18/95	N	SL	20	19,650.00	0.00	0.00	8,596.88	982.50	9,579.38
3	1	Main Register	05/01/98	N	SL	20	75,000.00	0.00	0.00	21,250.00	3,750.00	25,000.00
4	1	Main Line Extension	05/19/99	N	SL	20	10,766.47	0.00	0.00	2,467.30	538.32	3,005.62
5	1	1564 Main Line	05/21/99	N	SL	20	38,059.00	0.00	0.00	8,721.85	1,902.95	10,624.80
6	1	Main Line Extension	11/17/99	N	SL	20	2,095.45	0.00	0.00	427.81	104.77	532.58
Group # 7 Total							270,788.98	0.00	0.00	129,478.61	13,539.44	143,018.05
Group # 8 Services												
1	1	Services	01/01/90	N	SL	20	4,250.00	0.00	0.00	2,987.29	212.50	3,199.79
2	1	Services	12/31/96	N	SL	20	16.30	0.00	0.00	5.74	0.82	6.56

4/12/2005  
11:26

GRANITE MOUNTAIN WATER CO.  
Federal ID #:  
Asset Summary - Federal Tax Basis  
Period Ended 12/31/04

Company: GMW  
Page: 3

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Grand Total							573,269.61	0.00	0.00	238,720.48	27,992.50	266,712.98